

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (5/31):**

BUTTER: Grade AA closed at \$1.5400. The weekly average for Grade AA is \$1.5413 (-.0297).

CHEESE: Barrels closed at \$1.7075 and 40# blocks at \$1.7450. The weekly average for barrels is \$1.7113 (-.0222) and blocks, \$1.7450 (-.0150).

BUTTER HIGHLIGHTS: Cream supplies over the Memorial Day Holiday Weekend in all regions were very heavy. This kept many butter churns operating full schedules. In the Northeast, current production quickly exceeded demand, and as a result, bulk butter inventories are expanding. Most Northeast butter makers are comfortable with their current inventories. Some Midwest butter producers would not mind a good spell of hot weather to boost the likelihood of increased ice cream production and reduce milk supplies, taking some pressure off cream now going into churning. Butter inventory levels in the Midwest resulting from recent very heavy churning are a matter of concern and discussion. Western butter production is heavy, with inventories pressuring prices. Western prices for bulk butter range from 3 cents under to 5 cents under the market in contrast with the Northeast where bulk butter prices for this week are 4-8 cents over the market. Butter retail advertising volume nationally reported in the National Dairy Retail Report for a 1 pound package of butter declined, while the weighted average advertised price increased. Ad numbers this period decreased nearly 10% from two weeks ago, while the weighted average advertised price increased by 24 cents to \$2.77.

CHEESE HIGHLIGHTS: Cheese prices remain under downward pressure. Block cheese prices have moved dramatically lower from earlier in May. The spot price at the CME Group peaked on May 6 at \$1.9150 with the end of the month price at \$1.7450. Barrel prices for the month peaked at \$1.7600. Cheese production continues at a busy pace as some extra milk found its way to cheese plants over the recent holiday weekend. Cheese inventories are above a year ago. Lower prices have increased interest from international buyers. Additional assistance from the CWT program is aiding export sales. Cheese makers with aging programs are taking advantage of lower prices to build those inventories. The recent National Dairy Retail Report showed prices for cheese unevenly mixed. Ads featuring cheese in weekly grocery circulars increased with prices both higher and lower for various packages. The price for a package of 8

oz. shred cheese was \$2.25, down 13 cents from two weeks ago, but 2 cents higher than a year ago. Prices at the CME Group this week closed at \$1.7075 for barrels and \$1.7450 for blocks. Barrels are .0150 lower and blocks are .0075 lower from last week's close.

FLUID MILK: The Memorial Day holiday proved to be challenging for processors in the Northeast, yet was a busy, uneventful period at most dairy plants in other regions of the country. Manufacturing milk supplies were very heavy over the holiday weekend in the Northeast and Mid-Atlantic regions with some plants reporting milk volumes comparable to yearend holiday volumes. Handling problems and delays were more problematic in the Northeast with some plants having to dump milk. Milk production in Florida is marginally declining. Milk supplies in the Southeast Region were very heavy over the holiday and necessitated the utilization of nearly all auxiliary manufacturing plants. In the Midwest, milk handling and processing went rather well. Increased processing capacity in the region was more than able to handle local milk and the limited volumes of surplus milk. California milk production is mostly steady with recent weeks. Hotter weather conditions caused a dip in output for a couple of days, but levels did recover. Manufacturing plants are tapering down as the week progresses and the extra milk is processed. Arizona milk output trends are steady. New Mexico milk production is uneven. Hotter weather conditions are impacting milk receipts with lower milkfat and solids content noted. The seasonal peak has likely passed with conditions becoming less conducive for growth. Milk production in the Pacific Northwest is steady. Favorable weather and the beginning of new forages have helped to raise production marginally above last year's volumes. Utah and Idaho milk supplies are mixed, but following expected volumes. Idaho production is up slightly from year ago levels. Utah is currently behind year ago production. Excess processing capacity continues to pull milk to the region.

DRY PRODUCTS: Light market trading was noted for many dry product categories this week, attributed to the longer holiday weekend and a subdued market. Nonfat dry milk prices are down slightly in all regions. Demand has slowed with buyers taking a wait and see approach in a slightly weaker market. International buying interest is

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAY 27	TUESDAY MAY 28	WEDNESDAY MAY 29	THURSDAY MAY 30	FRIDAY MAY 31	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	CME	\$1.7225 (N.C.)	\$1.7075 (-.0150)	\$1.7075 (N.C.)	\$1.7075 (N.C.)	:: (-.0150)	:: \$1.7113 (-.0222)
40# BLOCKS	CLOSED	\$1.7550 (+.0025)	\$1.7400 (-.0150)	\$1.7400 (N.C.)	\$1.7450 (+.0050)	:: (-.0075)	:: \$1.7450 (-.0150)
NONFAT DRY MILK							
EXTRA GRADE		\$1.7000 (N.C.)	\$1.7000 (N.C.)	\$1.7000 (N.C.)	\$1.7000 (N.C.)	:: (N.C.)	:: \$1.7000 (N.C.)
GRADE A	HOLIDAY	\$1.6800 (N.C.)	\$1.6800 (N.C.)	\$1.6800 (N.C.)	\$1.6800 (N.C.)	:: (N.C.)	:: \$1.6800 (N.C.)
BUTTER							
GRADE AA		\$1.5450 (-.0050)	\$1.5400 (-.0050)	\$1.5400 (N.C.)	\$1.5400 (N.C.)	:: (-.0100)	:: \$1.5413 (-.0297)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1**

light, yet several tenders are being bid on for future shipments. Production plants were active over the weekend and extra NDM was made. Inventories are higher for many producers. Dry buttermilk pricing trends are slightly higher. Some momentum trends and additional buying interest have pushed market prices higher. Export demand is fair to good. Dry whey prices are mostly steady with limited to moderate market interest for both domestic and export accounts. Whey output is moderate to heavy. WPC 34% pricing is mostly unchanged. Demand is good from international sources and buyers looking for competitive protein prices. Lactose prices are unchanged with a limited test. Buyer interest is best for approved products and for higher mesh products.

ORGANIC DAIRY MARKET NEWS (DMN): The national weighted average advertised price of organic milk half gallons, \$3.43, is 13 cents lower than two weeks ago. The price range is \$2.59 to \$4.29. One year ago, the average price was \$3.71. This reporting period, the national weighted average conventional milk price for half gallons, \$1.63, is up \$0.75 from two weeks ago, which was the lowest conventional half gallon average price since this data series began during week 12 of 2012. The organic-conventional half gallon price spread is \$1.80, compared with \$2.68 two weeks ago. One region and one type of organic yogurt comprise almost 8 of 10 organic yogurt ads nationally: Greek 4-6 ounce organic yogurt ads in the Southeast. The weighted average advertised price is \$.81, with prices ranging from \$.75 to \$1.25. In contrast, the national average price for conventional 4-6 ounce Greek yogurt at 99 cents, is 18 cents higher than organic, with prices ranging from \$.70 to \$1.50. A year ago, the average price for organic Greek yogurt was \$1.18. The remaining organic yogurt ads are for 4-6 ounce organic yogurt in the Northeast and South Central Regions, with a national weighted average advertised price of \$.81, with prices ranging from \$.60 to \$1.00. Last year the average price was \$.63. AMS reports Total Organic Milk Products sales for March 2013, 186 million pounds, were up 0.1% from March 2012. Organic Whole Milk sales for March 2013, 49 million pounds, were up 7.5% compared with March 2012 and up 5.2% year-to-date compared with last year. Organic Reduced Fat Milk sales for March, 52 million pounds, were 1.6% above sales one year earlier and 0.9% above year-to-date sales last year.

NATIONAL DAIRY RETAIL REPORT (DMN): The ice cream national weighted average price is \$3.02 per 48-64 ounce packs, down 26 cents from 2 weeks ago, but up 17 cents from a year ago. Ice cream ad numbers are up over 21% from last period. Greek yogurt in 4-6 ounce packs averaged 99 cents, down 1 cent from two weeks ago, but up 2 cents from a year ago. Regular yogurt in 4-6 ounce packs, averaged 50 cents, unchanged from two weeks ago but down 6 cents from a year ago. The most advertised cheese category, 8 ounce shredded, had a weighted average advertised price of \$2.25, down 13 cents from two weeks ago and 2 cents more than one year ago. The price for 8 ounce blocks, at \$2.28, declined 11 cents from two weeks ago, and was 12 cents lower than a year ago. Butter prices increased 24 cents from two weeks ago with the national weighted average price at \$2.77 per 1# package. The average is 28 cents higher than a year ago. Butter ad numbers are down nearly 10% from two weeks ago. The national weighted average conventional milk price for half gallons, \$1.63, is up 75 cents from two weeks ago, which was the lowest price for conventional half gallons since this data series began during the 12th week of 2012. Organic half-gallon milk, at \$3.43, is down 13 cents from two weeks ago. The organic-conventional half-gallon price spread is \$1.80, compared with \$2.68 two weeks ago.

CONSUMER PRICE INDEX (BLS): The April CPI for all food is 236.8, up 1.5% from April 2012. The dairy products index is 218.1, up 0.6% from a year ago. The following are the April-to-April changes for selected products: fresh whole milk is +2.4%; cheese, +0.4%; and butter, +3.2%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first three months of 2013 totals 48.2 billion pounds, -0.6% from the same period in 2012. Comparing disappearance levels with year earlier levels: butter is +5.4%; American cheese, +0.3%; other cheese, +0.1%; NDM, -15.0%; and fluid milk products, -0.9%.

CME GROUP

MONDAY, MAY 27, 2013

HOLIDAY CME CLOSED

TUESDAY, MAY 28, 2013

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.7550; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$1.7550; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7600
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5450

WEDNESDAY, MAY 29, 2013

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.7125, 1 @ \$1.7100; 10 CARS 40# BLOCKS: 6 @ \$1.7600, 1 @ \$1.7550, 1 @ \$1.7500, 1 @ \$1.7450, 1 @ \$1.7400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7075; 1 CAR 40# BLOCKS @ \$1.7400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.5350, 1 @ \$1.5400; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.5350; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.5500

THURSDAY, MAY 30, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7500
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 3 CARS GRADE A @ \$1.6700; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7000
 BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$1.5350, 2 @ \$1.5400; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5250; LAST OFFER UNCOVERED: NONE

FRIDAY, MAY 31, 2013

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.7425, 1 @ \$1.7450; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6975; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7475
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5450

BUTTER MARKETS

NORTHEAST

The CME Group butter price declined \$0.0050 Tuesday and closed at \$1.5450. Butter prices have declined in 3 out of the last 5 trading sessions for a total net decline of \$0.0500. Cream supplies over the holiday period were very heavy and prompted increased butter production. Current production quickly exceeds demand, and as a result, bulk butter inventories are expanding. Most butter makers are comfortable with their current inventories. Domestic butter demand has improved as numerous buyers view current market conditions as an opportunity to expand inventories. Export demand remains fairly good with some plants increasing production of 82% unsalted butter to fill, newly secured, export orders. Current bulk butter prices for this week are 4-8 cents over the market on the CME Group with various time frames and averages used. According to the National Dairy Retail Report, retail butter ads in the Northeast totaled 1,361, 30% of the total national ad count of 4,563, the second highest of any region. The weighted average price for a 1 lb. package of butter in the Northeast was \$2.99, 22 cents more than the national weighted average price and 23 cents more than the previous reporting period. According to the latest NASS Cold Storage report, butter in storage on April 30, totaled 310.7 million pounds, 55.7 million pounds more (+22%) than the prior month stocks and 56.5 million pounds more (+22%) than April 2012 stocks.

CENTRAL

Butter interest is slow. Prices did not move up last week nor this week so far. There was some surprise expressed over the magnitude of gains in butter stocks over last month and last year, following the release of Cold Storage last week. Increases of 22% were not generally anticipated. The increases were characterized as "alarming". Frankly, some butter producers would not mind a good spell of hot weather to boost the likelihood of increased ice cream production and reduce milk supplies, taking some pressure off cream now going into churning. Butter retail advertising volume nationally reported in the National Dairy Retail Report for a 1 pound package of butter declined, while the weighted average advertised

price increased. Ad numbers this period decreased nearly 10% from two weeks ago, while the weighted average advertised price increased by 24 cents to \$2.77. One year ago the national average butter price was \$2.49, 28 cents lower than currently. In the Midwest butter ads increased by 38% from two weeks ago while the current price, \$2.55, is 6 cents higher. The \$2.55 Midwest price is 22 cents below the national price.

WEST

Western butter prices are lower with heavy production and inventories pressuring prices. The holiday weekend had butter churns operating full schedules in many cases. As prices have moved lower, there is increasing interest from end users to acquire stocks. Print sales into retail and club stores are steady with buyers comfortable in asking for additional product. Food service accounts are mostly steady. Advertised U.S. butter prices from the National Dairy Retail Report were higher (24 cents) compared to two weeks ago. Nationally, butter showed a weighted average price of \$2.77 per pound compared to \$2.53 two weeks ago and \$2.49 a year ago. Featuring of butter ads this week was marginally lower from the same period two weeks ago. Western advertised prices ranged from \$1.99-2.49 per pound. The weighted average for butter in the Northwest was \$1.99 and the Southwest was \$2.44. Prices for bulk butter range from 3 cents under to 5 cents under the market, based on the CME with various time frames and averages used. Butter prices at the CME Group exchange on Wednesday are \$.0050 lower, closing at \$1.5400. The last time butter was lower at the exchange was January 29th of this year. Increased inventories are said to be weighing on the market. Sales of butter at the exchange are light for the holiday shortened week with only two sales reported by Wednesday's close.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
May 25, 2013	1.6081 3,007,123	1.8422 12,017,103	1.7775 9,814,195	0.5742 9,241,959	1.6560 15,099,531

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels unchanged, closing at \$1.7225, while blocks advanced \$0.0025 to close at \$1.7550. Trading activity has been light over the last 5 trading sessions with 5 loads of barrels and 12 loads of blocks sold. Weekly average cheese prices on the CME Group declined last week, and as a result, wholesale prices for cheddar blocks and Muenster declined \$0.0150, while Process 5# sliced cheese dropped \$0.0050. Wholesale prices for Swiss cuts were unchanged. Manufacturing milk supplies were heavy over the holiday weekend and prompted most cheese makers to operate on 6-7 day production schedules. Demand for cheese remains mixed with cheddar sales sluggish, but mozzarella sales are fairly good. Cheese makers with aging programs continue to expand their inventories. According to the National Dairy Retail Report, retail cheese ads for 8 oz. block cheese in the Northeast totaled 3,248, 47% of the total national ad count of 6,862 and was the highest ad count for any region. Retail cheese ads for 8 oz. shredded cheese in the Northeast totaled 2,206, 29% of the total national ad count of 7,545, and was also the highest ad count for any region. The weighted average price for 8 oz. cheese blocks in the Northeast was \$2.30, 2 cents higher than the national weighted average price, but 24 cents less than the previous reporting period. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.40, 15 cents more than the national weighted average price, but 5 cents lower than the previous reporting period. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of April 30, 2013 totaled 1,120.2 million pounds, up 1% compared to one month ago and 4% higher compared to one year ago. A majority of the holdings are in the form of American cheese (62.4%) totaling 698.8 million pounds, up 2% from one month ago and 5% higher than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (35.1%) totaling 393.6 million pounds, 1% more than one month ago and 4% more compared to one year ago. Swiss cheese accounts for 2.5% of holdings at 27.8 million pounds, down 9% from one month ago and 3% less than one year ago. A closer look at the cold storage report shows Eastern stocks of American type cheese totaled 97.4 million pounds, 5.0% more than last month and 2.2% more than April, 2012. Eastern stocks of Other cheese, which is primarily Italian type cheeses, totaled 26.4 million pounds, 11.6% more than last month, but 3.5% less than April 2012.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	2.1575-2.4425
Process 5# Sliced	:	1.9550-2.4350
Muenster	:	2.1775-2.5375
Grade A Swiss Cuts 10 - 14#	:	3.3925-3.7150

MIDWEST

Edging closer to the end of May is also when the traditional peak of milk production occurs. This year a number of cheese makers are not very certain there has been a flush. However, there is milk for any cheese maker who wants it. Few in the industry feel any motivation to either celebrate or panic. This is a waiting period until Summer is further along and the crop and forage picture becomes more clear. The National Dairy Retail Report found that this period, Midwest ads for 8 ounce shredded cheese (40% of total

Midwest cheese ads), have a weighted average advertised price of \$2.07, 18 cents lower than the national average, \$2.25. National ad numbers this period have declined by 29% from one year ago when the national price was \$2.23. For 8 ounce blocks in the Midwest (also 40% of total Midwest cheese ads), the average price is \$2.08, 20 cents lower than the national average, \$2.28. National ad numbers this period have declined by 22% from one year ago when the national average was \$2.40. Last Wednesday afternoon, Cold Storage was released, identifying total cheese stocks are up on April 30 by 1% from March and up 4% from last year.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9275-2.6325
Brick And/Or Muenster 5#	:	2.1450-2.5925
Cheddar 40# Block	:	2.1450-3.0175
Monterey Jack 10#	:	2.1150-3.0175
Blue 5#	:	2.4075-3.3950
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9875-3.1175
Grade A Swiss Cuts 6 - 9#	:	2.9125-3.0300

WEST

Western cheese prices continued to show weakness with wholesale prices lower on both blocks and barrels. Production levels continue to be geared towards sending available milk to cheese plants. Inventories are up but are not considered to be heavy or problematic at this point. Export sales, often assisted by CWT monies have helped to move product offshore. Lower prices are adding to export inquiries. Domestic demand is good. Advertised U.S. cheese prices as reported in the National Dairy Retail Report showed prices were unevenly mixed compared to two weeks ago. Featuring of cheese for the two week period was increased in most categories except for the 8 oz. shred package. The weighted average price for the most heavily advertised 8 oz. shred package, was 13 cents lower compared to two weeks ago at \$2.25 per package, and 2 cents higher than last year's price of \$2.23. The 8 oz. block package was 11 cents lower than two weeks ago at \$2.28 per package. The spot cheese price at the CME Group was \$.0150 lower for both barrels and blocks on Wednesday. Blocks closed at \$1.7400. Barrel prices closed Wednesday at \$1.7075. Wednesday's lower market continued a mostly weak trend at the exchange. Sales at the exchange are light for barrels with two loads sold and moderate to active for blocks with eleven loads sold in the two days of trading this week.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.8625-2.1200
Cheddar 40# Block	:	1.8775-2.2300
Cheddar 10# Cuts	:	2.0575-2.2775
Monterey Jack 10#	:	2.0675-2.2275
Grade A Swiss Cuts 6 - 9#	:	2.9700-3.4000

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CHEESE MARKETS

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FOREIGN

The weekly average block price on the CME Group declined last week, lowering domestic wholesale foreign type cheese prices by \$0.0150. Domestic Swiss cuts and imported cheese prices were unchanged. The latest NASS Cold Storage report shows stocks of Other Natural Cheese, which is primarily Italian type cheeses, totaling 393.6 million pounds, 1% more than one month ago and 4% more compared to one year ago. Swiss cheese totaled 27.8 million pounds, down 9% from one month ago and 3% less than one year ago.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.2975-3.7850*
Gorgonzola	: 3.4900-6.4700	: 2.8000-3.2550*
Parmesan (Italy)	: -0-	: 3.6875-5.7775*
Provolone (Italy)	: 3.4400-5.4500	: 2.3400-2.4975*
Romano (Cows Milk)	: -0-	: 3.4875-5.6375*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-4.4600	: -0-
Jarlsberg-(Brand)	: 2.9500-5.2900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.4900-3.8125
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

		:	
05/27/13	17,756	:	112,424
05/01/13	16,285	:	112,267
CHANGE	1,471	:	157
% CHANGE	9	:	0

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	100	0	110	0	180
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies were very heavy over the holiday weekend in the Northeast and Mid-Atlantic regions with some plants reporting milk volumes comparable to yearend holiday volumes. Handling problems and delays were more problematic in the Northeast with some plants having to dump milk, due to the excessive volumes. Milk production in the Northeast is at or near the seasonal peak. Milk production in Florida is marginally declining as day time highs in the 90's are lowering cow comfort levels. Some producers have limited milk production declines by increasing grain rations. Export spot loads totaled 100 this week. Milk supplies in the Southeast Region were very heavy over the holiday and necessitated the utilization of nearly all auxiliary manufacturing plants. Class I demand has marginally rebounded following the holiday. Some loads have been rejected, by bottling plants, due to temperature issues. Cream supplies were heavy going into and coming out of the holiday period. Demand for cream has significantly increased towards mid-week as ice cream manufacturers are refilling their pipelines following the holiday. Some ice cream manufacturers remained in production through the weekend. Some loads over the weekend were moved out of region at a discount in order to find a home. **Cream multiples for all Classes** are on par with last week and range 1.10-1.31 with out of region shipments reflected at the low end of the range. Demand for condensed skim has improved as ice cream manufacturers are coming back online to full production and pulling increased volumes through their contract agreements. Spot sales of condensed skim remain limited, but interest is improving. A majority of the condensed skim volumes continue to be channeled to Class IV production.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	1.8852-2.0580
F.O.B. producing plants: Upper Midwest -	1.8852-1.9952

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.63 - 1.71
Northeast - Class III - spot prices -	1.40 - 1.50

MIDWEST

The Memorial Day holiday proved to be a mostly uneventful summer weekend for milk handling and processing. Increased processing capacity in the region was more than able to handle any surplus milk that was offered over the holiday. Fewer surplus loads of milk than many anticipated were offered as plants operated through much of the holiday. Increased manufacturing capacity also increased demand for those loads offered. Discounting of loads was limited. Some additional loads of cream found their way to Central butter churns. These loads were sourced from both within and out of the region. Cream multiples were weaker over the weekend but rebounded quickly as plants came back online. Multiples ranged 120-127 in many cases with sharp discounts harder to find. The cool spring weather over the weekend was followed this week with rains across much of the Midwest. These will continue to delay planting of northern tier crops and any early harvest of forages. First cutting of alfalfa has started, but intermittent rains have

made harvesting of quality hay difficult. Reduced feed supplies in many areas are reported to be stressing dairies. Discussions concerning the arrival and duration of the spring flush brought varied responses. Many plants reported little or no discernible peak period of production. Hay prices continue to be above \$300/ton with reports of hay over \$400 for dairy quality forages in the Midwest. Last year's drought continues to affect milk production despite a wet spring.

WEST

CALIFORNIA milk production is mostly steady with recent weeks. Hotter weather conditions caused a dip in output for a couple of days, but levels did recover. Milk was handled well over the Memorial Day holiday period with limited issues noted. Manufacturing plants are tapering down as the week progresses and the extra milk is processed. Butterfat content of milk receipts continues to move lower. Class 1 milk interest is sporadic. April 2013 POOL RECEIPTS of milk in CALIFORNIA total 3.47 billion pounds, 1.6% lower than last year, according to CDFA. Year-to-date through April 2013 receipts are 4.3% lower, adjusted, from the comparable months in 2012. The April blend price, at a fat test of 3.68%, is \$18.16, \$0.90 higher than March and \$3.29 more than April 2012. The percentage of receipts used in Class 1 products is 13.3%. The April quota price is \$18.99 and the over quota price is \$17.29. These prices are \$0.96 higher than March and \$3.19 higher than a year ago. ARIZONA milk output trends are steady. Temperatures are in the 90's and are trending towards 100. Cooler nighttime conditions and the lack of humidity are countering any negative effects. Cows are generally comfortable with some heat abatement measures in place. Processing ramped up over the holiday weekend with surplus milk moving into plants. Strategy and juggling were helpful in balancing the supplies. Class I milk needs are lower. Retail needs are normal, yet not replacing the volumes of declining school orders. NEW MEXICO milk production is uneven. Hotter weather conditions are impacting the milk receipts. Additionally, lower milk fat and solids content are noted. The seasonal peak has likely passed with conditions becoming less conducive for growth. Temperature forecasts are near 100 this weekend. Class I sales slowed with more schools and colleges recessing for the summer. Processing plants were busier over the holiday weekend, but were able to handle the milk supplies. CREAM markets rebounded after the holiday weekend caused some distressed trading. Buying interest is moderate to fair. Ice cream interest is still slow to develop. Cream shipments out of California are limited with the current pricing structure. At the CME Group, Grade AA butter pricing closed at \$1.5400 on Wednesday, May 29, down 2.5 cents from a week earlier. Cream multiples are higher this week, range from 1.08 to 1.28, and vary depending on class usage and basing points. Milk production in the PACIFIC NORTHWEST is said to be holding steady. Favorable weather and the beginning of new forages have helped to raise production marginally above last year's volumes. Milk handlers in Washington had to deal with the loss of a bridge on the only North/South interstate. Recent upgrades to manufacturing plant capacity in the region allowed for milk supplies to be processed with few difficulties. Cream supplies continue to be sent to butter churns in the region. Ice cream manufacturers are slow to significantly build production in the Northwest so far. UTAH and IDAHO milk supplies are mixed, but following expected volumes. Idaho production is up slightly from year ago levels. Utah is currently behind year ago production. Demand for milk in the region is good with most processors holding tightly to current consignors. Excess processing capacity continues to pull milk to the region. Dairies are assessing cost of production versus expected milk prices in determining the feasibility of building herds.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices are steady to weak for the holiday shortened week. Trading was limited as various dairy product manufacturers were slow to gear back up after the long weekend. Low heat NDM prices were lower across the range of prices, while the mostly price series showed some fractional weakness at the top. High heat prices moved marginally lower on the upper end of the range. Production of NDM over the weekend was busier than a typical weekend as some excess milk found a home with Class IV manufacturers. Excess milk loads at a discount were reported to be harder to find this year versus most years. Manufacturers' inventories of NDM are building but are not considered to be a problem. Increased international interest for SMP is being credited with keeping NDM inventories manageable. Domestic buyers continue to source condensed skim or buttermilk as a lower priced alternative to NDM. The market undertone is steady to weak, overall.

EAST: Low and high heat nonfat dry milk prices declined this week as sales based on various price indices lowered the upper end of the ranges. Production of nonfat dry milk was near capacity levels at most drying operations in the East over the holiday period. The expanded production schedules focused on low heat nonfat dry milk as plant managers tried to process the increased milk volumes as quickly as possible. Current production is adding to inventories with most manufacturers comfortable with their available supplies. Domestic demand is lackluster with buyers purchasing for immediate needs only. Trading activity is light as there is currently a 3-5 cent differential between bids and offers with neither side willing to make price concessions to expedite sales. The expanding supply situation is giving the market a weak undertone.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.6400 - 1.7225 MOSTLY: 1.6800 - 1.7225
HIGH HEAT: 1.7250 - 1.7800

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are slightly lower. The market tone is unsettled. Current demand has slowed. Export tenders are noted and U.S. powder will be offered. Other export interest has slowed. Domestic demand remains soft. Buyers are waiting, partly as the market prices decline. There is awareness of recent price declines in U.S. and other countries. The holiday-shortened week factors into the slower demand equation. Production was active over the weekend and was returning to normal levels by midweek. High heat NDM prices are steady to lower on the top end of the range. Demand is light and mainly to regular accounts. Production slowed around the holiday as processors ramped up low/medium heat output to maximize throughput. High heat stocks are light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.6200 - 1.7200 MOSTLY: 1.6700 - 1.7150
HIGH HEAT: 1.6800 - 1.7850

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region were mostly steady to weak. Increased milk and cream supplies directed to Class IV plants enabled some excess buttermilk to be processed over the weekend. Milk supplies are tighter than originally anticipated at some plants though. Inventories of dry buttermilk are mostly in balance with contract fulfillment being the goal. Sales of condensed buttermilk are said to be improving into ice cream accounts now that summer has

officially arrived. Warmer weather will further improve demand for that market.

EAST: Prices for dry buttermilk declined this week as spot sales lowered the low end of the range and sales based on various price indices lowered the upper end of the range. Dry buttermilk production increased over the holiday weekend as expanded cream supplies were channeled to churns. Trading turned lighter compared to previous weeks as buyers are purchasing hand to mouth, thinking lower prices in the nonfat dry milk market may lead to price discounts for dry buttermilk. Current production is adding to inventories with most manufacturers comfortable with their current supplies. Hot weather in the East holds the promise of improved demand as the heat wave may prompt increased ice cream sales and production. The market undertone is steady.

F.O.B. CENTRAL/EAST: 1.5100 - 1.6025

DRY BUTTERMILK - WEST

Western dry buttermilk prices are slightly higher. The market tone is steady to firmer. Producer offerings are light to moderate. Demand is in line with current offerings. Buyers are seeking protein and buttermilk has been a value. There is some export interest in the marketplace. Production is seasonally active with moderate to heavy churning in the region to process the available cream and milk supplies. Dry buttermilk stocks are light to moderate.

F.O.B. WEST: 1.5000 - 1.5650 MOSTLY: 1.5250 - 1.5475

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged this holiday shortened week. Sales activity was light as buyers returned from the holiday and were busy assessing needs. Interest in production of dry whole milk is increasing in various regions of the U.S. as worldwide supplies are felt to be tight. While the U.S. has had limited production of dry whole milk for export, the tighter supplies offer an opportunity to gain access into foreign markets. Increased fluid milk supplies from lower Class I usage will help to provide product for processing into whole milk powder. Inventories of dry whole milk powder are light and are contributing to steady pricing.

F.O.B. PRODUCING PLANT: 1.7900 - 2.0000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 24	\$1.5505	9,835,175	0
May 17	\$1.6019	7,163,589	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Central dry whey prices are mostly steady this week with the mostly series showing some weakness on the lower end. Trading was limited for the holiday shortened week. Whey production over the long weekend continued at a higher pace as some extra milk loads found Class III plants to clear. In many cases, there were fewer surplus loads available than had been anticipated. Buying interest for whey remains good with product available from both manufacturers and brokers. Many participants described price negotiations as steady to moving slowly. Interest in whey shipments for export seems to be increasing, with buyers using EU prices for leverage. ANIMAL FEED DRY WHEY prices are steady. Feed blenders describe their inventories as in good shape. They are able to entertain various product offerings with price being the key driver to completed sales. Milk replacer manufacturers are seeing increased sales and are working overtime in some cases to fill demand.

F.O.B. CENTRAL: .4700 - .6275 MOSTLY: .5100 - .5650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4075 - .5400

DRY WHEY - NORTHEAST

Dry whey prices held steady this week in limited market activity coming off the holiday weekend. Production of dry whey increased as most cheese makers expanded to 6-7 day production schedules, due to the heavy milk volumes being channeled to cheese vats. Domestic demand remains lackluster with buyers purchasing for immediate needs only, wanting a clear picture of market conditions prior to expanding inventories. Export demand remains fairly good with some manufacturers offering discounts for large lot purchases. Most manufacturers are comfortable with their current inventories. Spot sale and resale prices are under current contract levels, giving the market a weak undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5400 - .6100

DRY WHEY - WEST

Western dry whey prices are steady to weak for the first week of summer. The full range price series was lower, while the mostly series was unchanged. Trading was light with the shortened business week. Buyers are cautious about buying above immediate needs. The market undertone is exhibiting some weakness as supplies are felt to be increasing. Increased international demand is helping to maintain the upper end of the price series. Continued heavy cheese production is adding volume to the whey stream product mix. Inventories of whey held by both manufacturers and brokers are adequate for immediate needs in most cases.

NONHYGROSCOPIC: .5500 - .6200 MOSTLY: .5600 - .6025

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Central and West whey protein concentrate 34% prices are unchanged on the range and fractionally higher for the mostly series. The market undertone is firm as increased international interest is noted. Spot sales activity after the holiday weekend was light to moderate as buyers and sellers negotiated for tightly held supplies. Approved manufacturers are concentrating on filling contracted orders. One manufacturer reported being behind on shipments due to shipping container availability. Chinese demand was noted as strengthening. WPC 34% prices are attractive when compared to alternative protein sources.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.2500 - 1.4800 MOSTLY: 1.2600 - 1.3150

LACTOSE - CENTRAL AND WEST

Lactose prices are steady for the holiday shortened week. Trades were limited with the short week, although interest was reported to be good. Contract sales dominated the trading with few spot sales reported. Prices for higher mesh product were steady with a firm undertone as buyers are looking to increase their inventories. Approved manufacturers are busy trying to fill orders and satisfy contracted demand, while lower quality manufacturers are building inventories. Negotiations for third quarter contracts are in the early stages and some manufacturers are holding inventory for those orders.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4800 - .7500 MOSTLY: .5800 - .7100

CASEIN - NATIONAL

Acid and rennet casein prices are unchanged. Demand is uneven. Some buyers are securing needs. The higher rennet prices are creating higher priced finished products. Analog and imitation cheese processors are concerned, especially as natural cheese prices have moderated in recent weeks. As expected, higher prices are reported for caseinates.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 4.3500 - 4.9000
ACID: 4.6000 - 5.4000

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound; CHEESE 40# Blocks \$1.13 per pound; 500# Barrels \$1.10; NONFAT DRY MILK \$.80 per pound

The CCC Purchase table will no longer be shown unless purchases occur. Last CCC purchase: October 2009

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2012

WEEK ENDING	WEEKLY DAIRY COWS	2013 CUMULATIVE DAIRY COWS	2012 WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS
05/11/2013	55.5	1,199.3	57.3	1,147.9

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66

CLASS IV MILK PRICES (3.5% BF)

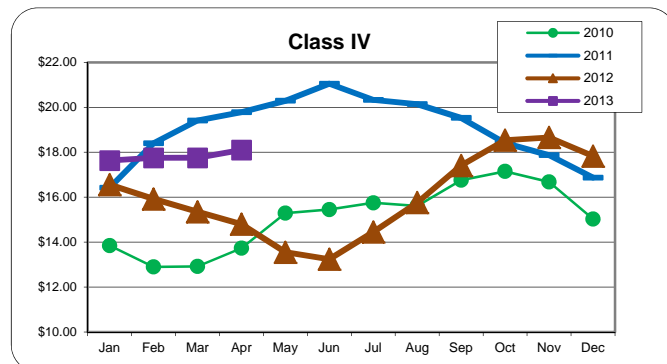
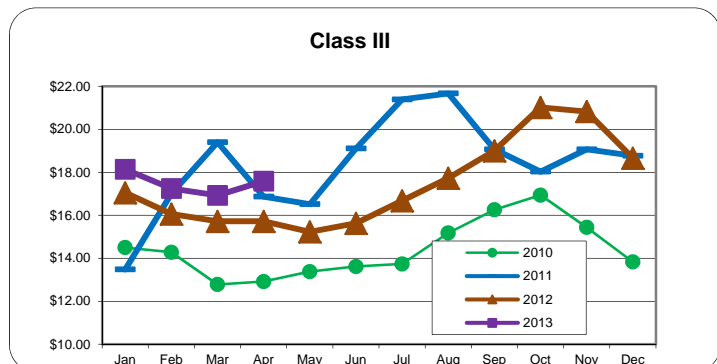
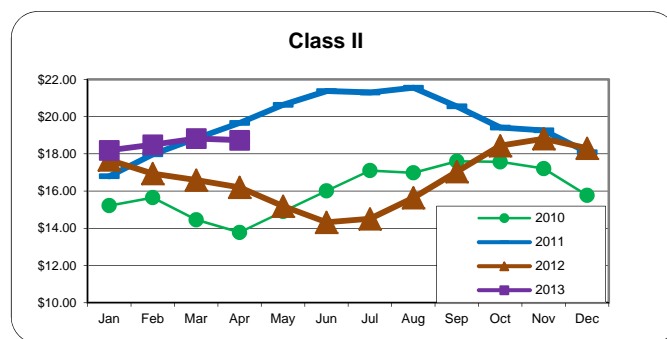
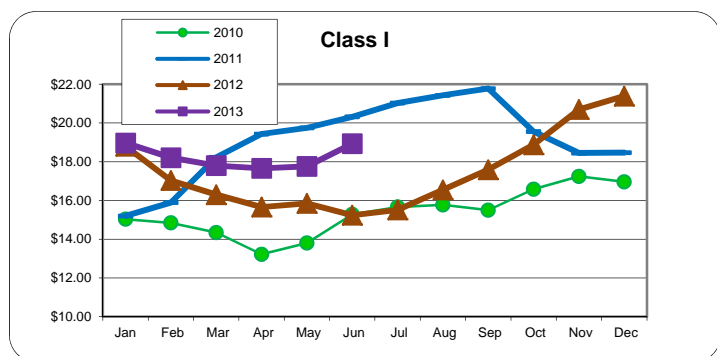
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83

FEDERAL MILK ORDER CLASS PRICES FOR 2013 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.97	18.21	17.80	17.66	17.76	18.93						
II	18.19	18.49	18.82	18.73								
III	18.14	17.25	16.93	17.59								
IV	17.63	17.75	17.75	18.10								

1/ Specific order differentials to be added to this base price can be found by going to:

www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."



ORGANIC DAIRY MARKET NEWS

Information gathered May 20 - 31, 2013

ORGANIC DAIRY FLUID OVERVIEW

News. Extensive recent discussion within the organic dairy community about whether a multi-commodity organic marketing and research program funded by a check off is merited, now enters a new phase, with the House Agriculture Committee having voted in favor of such a check off earlier this week. The Senate has already approved a parallel provision. The full House will now consider the measure as part of the Farm Bill. If House approval occurs, the language would authorize a multi-commodity organic check off if later brought to a vote and approved by a range of organic commodity interests. Within dairy producer groups, a topic of extensive current discussion is how varied organic commodity groups would be assessed to fund a check off, should such a program ultimately be implemented. The issue is whether there should be the possibility to opt out based on size of an operation is also being discussed. This is all being weighed against potential benefits of educating consumers about the differences between “natural” or “local” versus “organic” on food labels or containers.

Milk Product Sales. AMS reports Total Organic Milk Products sales for March 2013, 186 million pounds, were up 0.1% from March 2012.

Organic Whole Milk sales for March 2013, 49 million pounds, were up 7.5% compared with March 2012 and up 5.2% year-to-date compared with last year.

Organic Reduced Fat Milk sales for March, 52 million pounds, were 1.6% above sales one year earlier and 0.9% above year-to-date sales last year.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, MARCH 2013, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	March	Y-T-D	Prev Yr.	Y-T-D
	Mil. Lbs.		Percent	
Whole Milk	1,110	3,292	-2.8	-2.3
Flavored Whole Milk	46	135	7.9	10.4
Reduced Fat Milk (2%)	1,488	4,422	-2.4	-1.6
Low Fat Milk (1%)	599	1,792	-5.6	-4.1
Fat-Free Milk (Skim)	581	1,730	-9.8	-9.2
Flavored Fat-Reduced Milk	334	1,046	-8.3	-4.6
Buttermilk	42	121	3.0	2.5
Tot. Conv. Milk Products 5/	4,200	12,538	-4.4	-3.4
Organic Whole Milk	49	144	7.5	5.2
Organic Reduced Fat Milk	52	150	1.6	0.9
Organic Low Fat Milk	37	107	-6.8	-10.1
Organic Fat-Free Milk (Skim)	36	106	-7.3	-6.4
Organic Flavored Milk	11	30	15.6	-5.6
Organic Fat-Reduced Milk 3/	137	395	-2.3	-5.1
Tot. Organic Milk Products.	186	539	0.1	-2.6
Tot. Fluid Milk Prod. 4/	4,386	13,077	-4.2	-3.3
Tot Fluid Milk Prod Adj 4/5/	*	*	*	*

*Total Fluid Milk Products Adjusted for Calendar Composition will not be published until release of “An Overview of Calendar Composition of Fluid Milk Sales.” 1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 4/ Total fluid milk products include the products listed price plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic dairy product ad volume increased to the highest level since late February. This is not due to any apparent and distinct surge in ads for a specific organic dairy product, but rather, the combined result of relatively strong organic milk ad numbers, organic yogurt strength, organic butter strength, all topped off by the addition of ads for organic ice cream and sour cream.

Organic milk ads total 59% of all organic dairy ads. Organic yogurt is second with 25% of ads, followed by organic butter with 12%, and organic sour cream with 3% and organic ice cream with 2%.

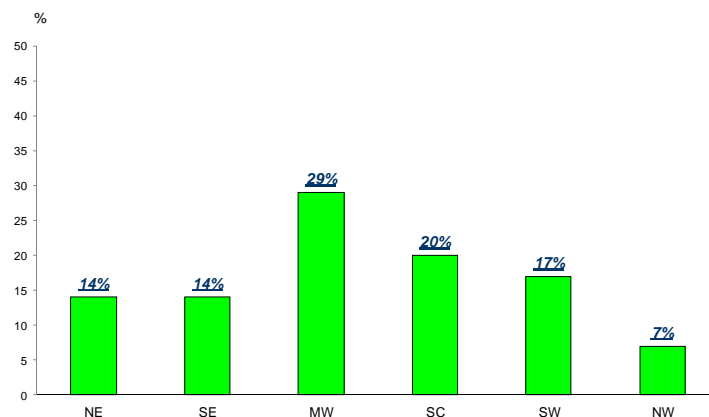
Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period May 20, 2013, to May 31, 2013, identifying weekly “specials” and containing organic dairy content. Surveyed ads reflect advertised “specials” and not the range of non-advertised supermarket cooler prices.

Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at:

<http://www.ams.usda.gov/AMSV1.0/DairyRetailReport>

Regional Organic Dairy Ad Trends. Organic dairy ads appeared in all 6 regions this report with the Midwest standing above the regions with 29%. The percentages of total ads for the remaining regions are: the South Central, 20%; Southwest, 17%; Northeast and Southeast tied at 14%; and the Northwest, 7%. Compared with two weeks ago, the greatest change in ad numbers was the Southeast, which more than doubled.

Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads Week 22, 2013



Organic Milk. Organic half gallons continue to predominate organic milk retail advertising, which is typical, comprising 85% of organic milk ads. Organic milk 8 ounce containers are in second place with 13% of ads, trailed by organic milk gallons with 3% of ads.

Organic Milk Half Gallons. The national weighted average advertised price of organic milk half gallons, \$3.43, is 13 cents lower than two weeks ago. The price range is \$2.59 to \$4.29. One year ago the average price was \$3.71.

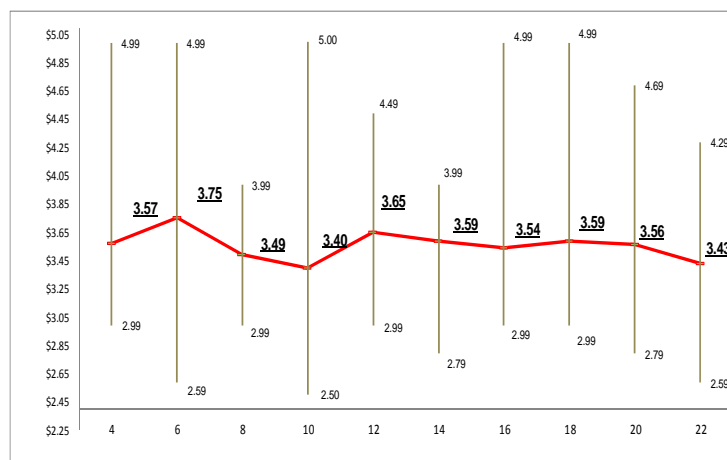
CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered May 20 - 31, 2013

CONTINUED FROM PAGE 8

Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2013 Week



The Southwest has the highest weighted average price, \$3.99, while the South Central has the lowest price this period, \$2.98.

Organic - Conventional Milk Half Gallon Price Spread. This reporting period, the national weighted average conventional milk price for half gallons, \$1.63, is up \$0.75 from two weeks ago, which was the lowest conventional half gallon average price since this data series began during week 12 of 2012.

Organic half-gallon milk, at \$3.43, is down 13 cents from two weeks ago. The organic-conventional half gallon price spread is \$1.80, compared with \$2.68 two weeks ago.

Organic Yogurt. Organic yogurt ad numbers more than doubled from their lowest level of the year two weeks ago. This occurred even with a decline from four of the six regions having organic yogurt ads two weeks ago, to three regions this period.

One region and one type of organic yogurt comprise almost 8 of 10 organic yogurt ads nationally: Greek 4-6 ounce organic yogurt ads in the Southeast. The weighted average advertised price is \$.81, with prices ranging from \$.75 to \$1.25. In contrast, the national average price for conventional 4-6 ounce Greek yogurt at 99 cents, is 18 cents higher than 4-6 ounce organic Greek yogurt. Conventional Greek yogurt prices range from \$.70 to \$1.50. A year ago the average price for organic Greek yogurt was \$1.18.

The remaining organic yogurt ads are for 4-6 ounce organic yogurt in the Northeast and South Central Regions, with a national weighted average advertised price of \$.81, with prices ranging from \$.60 to \$1.00. A year ago the average price was \$.63.

1 Pound Organic butter. Ads for 1 pound organic butter appeared in four of six regions: the South Central (50%); the Southwest ((28%); the Midwest (12%); and the Northwest (11%). The national weighted average advertised price is \$3.99, which is also the average price in each region. There is no price range this period.

48-64 Ounce Organic Ice Cream. All organic ice cream ads are priced \$5.99 and all are in the Southwest.

1 Pound Organic Sour Cream. Ads for 1 pound sour cream all ran in the Midwest. All ads are priced \$2.99.

SUPERMARKET PRICE COMPARISON:

Madison, Wisconsin Prices. Non-advertised organic milk, yogurt, butter and cheese prices in a range of food stores in Madison, Wisconsin are compared for this two week period. Stores included a

big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big box chain store also selling food; and a large local cooperative grocery store. Organic milk available included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands, one featuring non-homogenized milk. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheese makers.

INFORMATION GATHERED 05/20/2013 - 05/31/2013

ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE 2013 REPORTING WEEK 22

MADISON, WISCONSIN
LOW HIGH RANGE
(in Dollars)

FLUID MILK

MILK - gallon

Whole	5.69*	7.29	1.60*
Reduced fat (2%)	5.69*	7.29	1.60*
Low fat (1%)	5.69*	7.29	1.60*
Nonfat (Skim)	5.69*	7.29	1.60*

MILK - half gallon

Whole	3.79*	4.89	1.10*
Reduced fat (2%)	3.79*	4.89	1.10*
Low fat (1%)	3.79*	4.89	1.10*
Nonfat (Skim)	3.79*	4.89	1.10*

FLAVMILK - half gallon

All fat tests	3.09	5.69	2.60
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YOGURT

Yogurt - 4-6 oz Yogurt	0.79	1.29	0.50
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CHEESE

Cheese - 8 oz block

Mozzarella	3.40	5.75	2.35
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	3.79	5.99	2.20
Pepper Jack	3.89	5.99	2.10

Cheese - 6 oz string

Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	4.99	1.10

BUTTER

Butter - 1 Pound	4.79*	6.09	1.30*
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* = Price change from prior reporting period.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Trading on organic grains and feedstuffs was very lackluster. Organic corn values trended mostly weak for spot delivery and new crop contracts. However, trade participants were watching current weather forecasts and looking at planting progress before entering the market. Planting progress on organic corn appears to be half done, with the eastern cornbelt being the furthest along. Soybeans prices were steady to firm, as supplies remained light. However, slow corn planting activity caused by heavy rains across much of the Midwest has farmers looking at planting more acres of soybeans.

Additional livestock and grain market news information is available at:

<http://www.ams.usda.gov/mnreports/lbnoof.pdf>

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
FEB 2013	236.3	1.6	219.5	0.1	217.0	2.9	223.8	-1.1	198.6	-1.8	233.0	1.9
MAR 2013	236.3	1.5	218.1	-0.5	214.5	1.9	222.9	-1.3	197.1	1.0	233.3	1.2
APR 2013	236.8	1.5	218.1	0.6	214.4	2.4	222.4	0.4	197.0	3.2	234.3	1.5
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Dollars											
FEB	3.480	3.520	N/A	3.467	4.238	4.262	5.936	5.598	5.184	5.030		
MAR	3.431	3.499	N/A	3.359	4.207	4.316	5.736	5.659	5.089	5.090		
APR	3.428	3.474	N/A	3.180	4.131	4.252	5.635	5.628	5.093	5.206		

N/A = Not available. ^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon prepackaged regular.

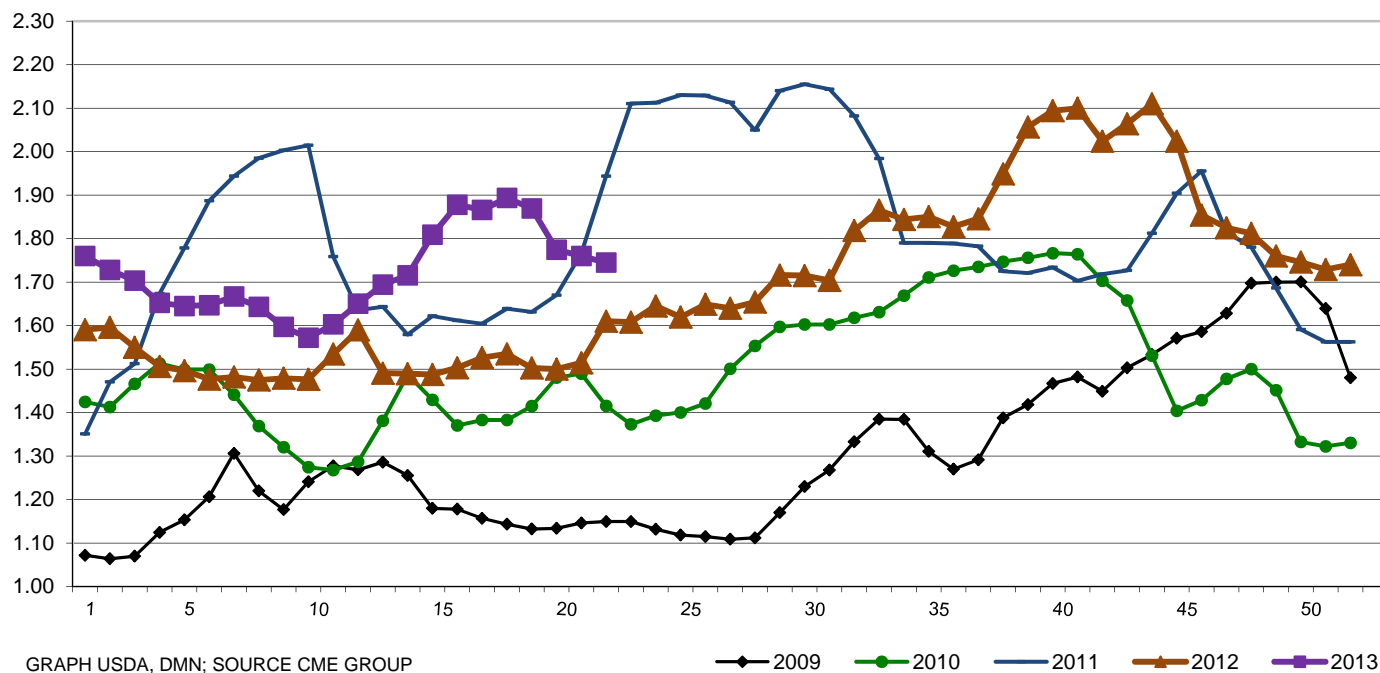
COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS – JANUARY-MARCH 2012-2013 AND YEAR-TO-DATE 2011-2012 ^{1/}

Item	Jan.-Mar. 2012	Percent change ^{2/}	Jan.-Mar. 2013	Percent change ^{2/}	Jan.-Dec. 2011	Percent change ^{2/}	Jan.-Dec. 2012	Percent change ^{2/}
	Million Pounds							
MILK								
Production	51,044	4.3	50,495	0.0	195,674	1.3	200,284	2.1
Marketings	50,798	4.3	50,251	0.0	194,686	1.3	199,297	2.1
Beginning Commercial Stocks ^{3/}	10,983	0.5	12,194	11.0	10,927	-3.6	10,983	0.5
Imports ^{3/}	775	8.4	811	5.9	3,220	3.9	3,673	13.8
Total Supply ^{4/}	62,556	2.9	63,256	2.8	208,833	1.1	213,953	2.0
Ending Commercial Stocks ^{3/}	13,600	12.3	15,106	11.1	10,983	0.5	12,194	11.0
Net Removals ^{3/}	0	0.0	0	0.0	0	-100.0	0	0.0
Commercial Disappearance ^{4/}	48,956	1.5	48,150	-0.6	197,850	1.2	201,759	1.7
SELECTED PRODUCTS ^{5/}								
Butter	430.8	0.8	449.0	5.4	1,809.9	11.0	1,844.4	1.6
American Cheese	1,072.0	0.4	1,063.1	0.3	4,271.1	0.1	4,369.4	2.0
Other Cheese	1,683.3	3.2	1,666.9	0.1	6,670.2	4.4	6,795.8	1.6
Nonfat Dry Milk	468.0	27.1	393.8	-15.0	1,494.6	-3.6	1,766.7	17.9
Fluid Milk Products ^{6/}	13,538.8	-2.4	13,275.4	-0.9	53,714.2	-1.9	52,850.7	-1.9

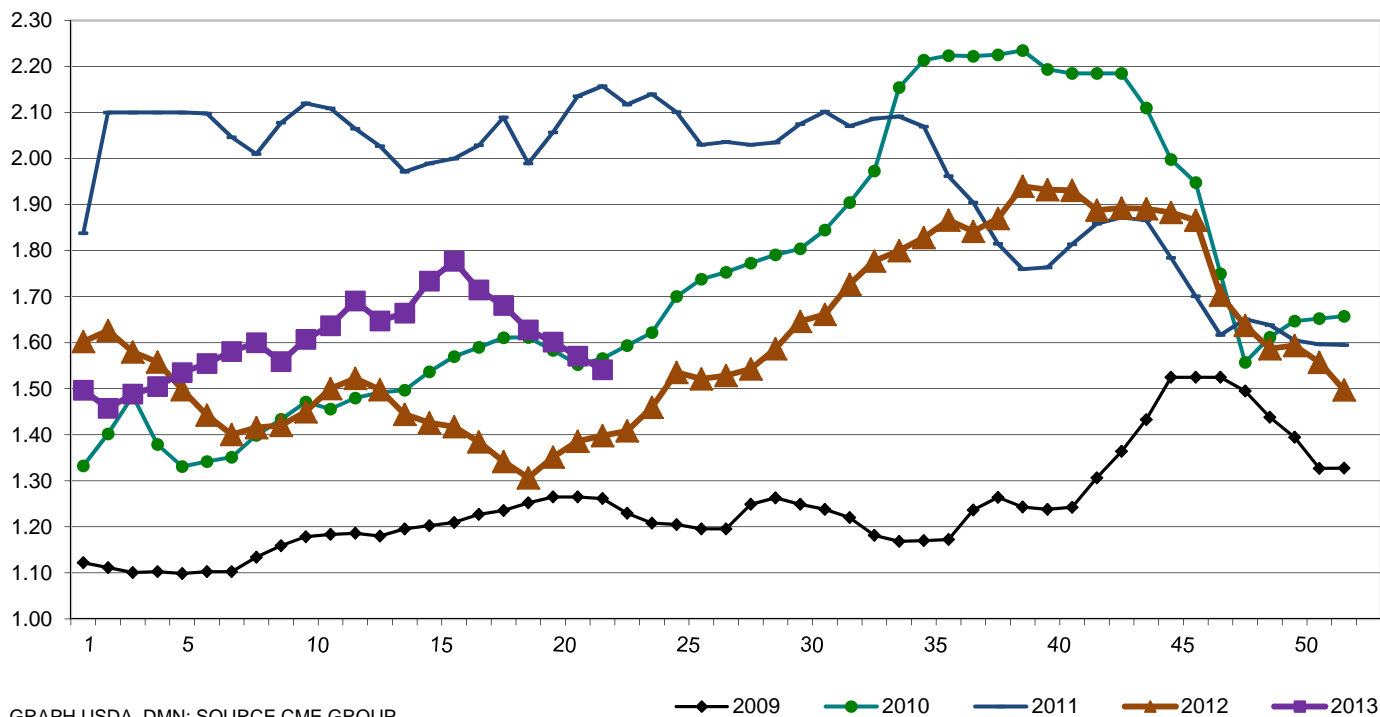
^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition.

Source: U.S. Department of Agriculture. Economic Research Service. Agricultural Marketing Service. *Fluid Milk Products*.

U.S. \$ PER POUND

CME WEEKLY AVERAGE CASH CHEDDAR BLOCK PRICES**CME WEEKLY AVERAGE CASH GRADE AA BUTTER PRICES**

U.S. \$ PER POUND





Dairy Market News Branch

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Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 05/20 to 05/31

The ice cream national weighted average price is \$3.02 per 48-64 ounce packs, down 26 cents from 2 weeks ago but up 17 cents from a year ago. Ice cream ad numbers are up over 21% from last period.

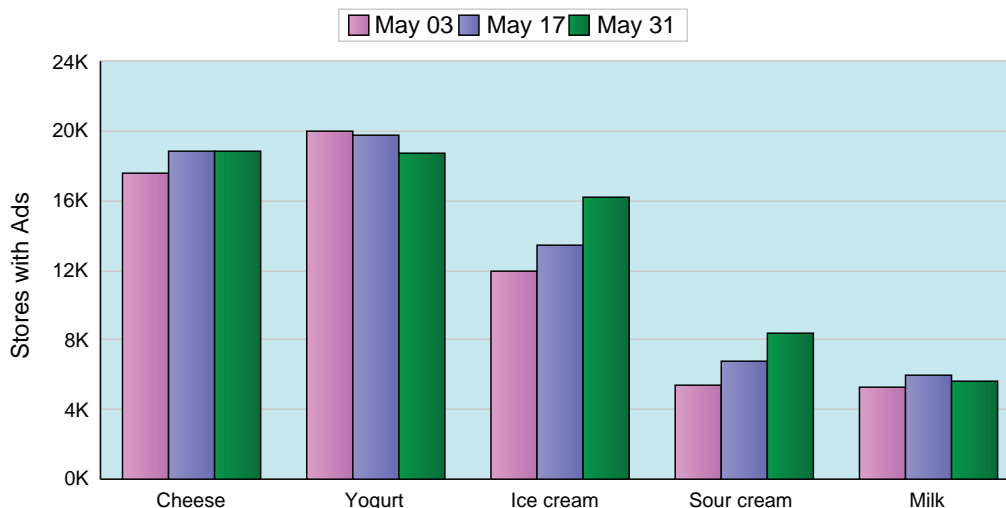
Greek yogurt in 4-6 ounce packs averaged 99 cents, down 1 cent from two weeks ago but up 2 cents from a year ago. Regular yogurt in 4-6 ounce packs, averaged 50 cents, unchanged from two weeks ago but down 6 cents from a year ago.

The most advertised cheese category, 8 ounce shredded, had a weighted average advertised price of \$2.25, down 13 cents from two weeks ago and 2 cents more than one year ago. The price for 8 ounce blocks, at \$2.28, declined 11 cents from two weeks ago, and was 12 cents lower than a year ago.

Butter prices increased 24 cents from two weeks ago with the national weighted average price at \$2.77 per 1# package. The average is 28 cents higher than a year ago. Butter ad numbers are down nearly 10% from two weeks ago.

The national weighted average conventional milk price for half gallons, \$1.63, is up 75 cents from two weeks ago, which was the lowest price for conventional half gallons since this data series began during the 12th week of 2012. Organic half-gallon milk, at \$3.43, is down 13 cents from two weeks ago. The organic-conventional half-gallon price spread is \$1.80, compared with \$2.68 two weeks ago.

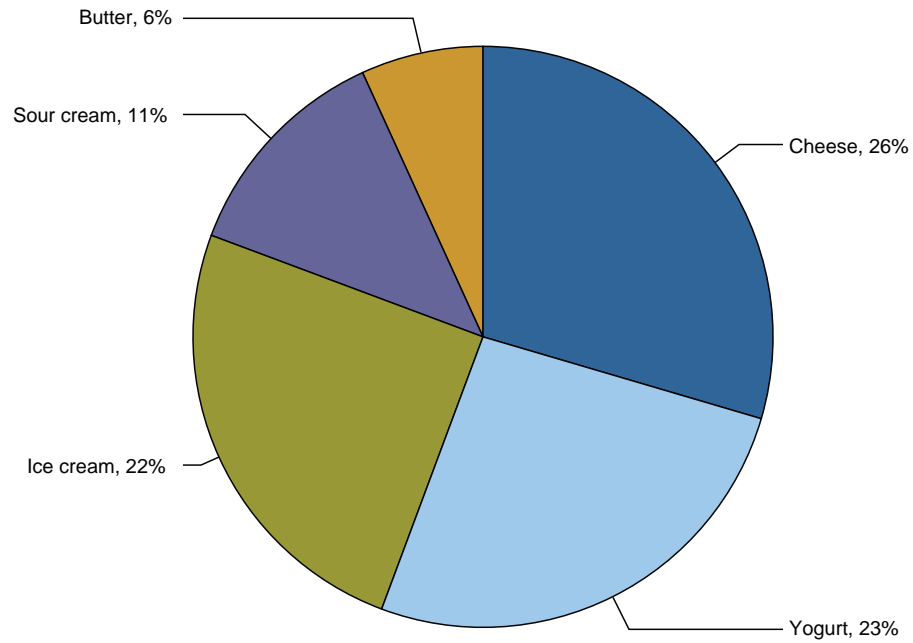
Top 5 Commodities Featured



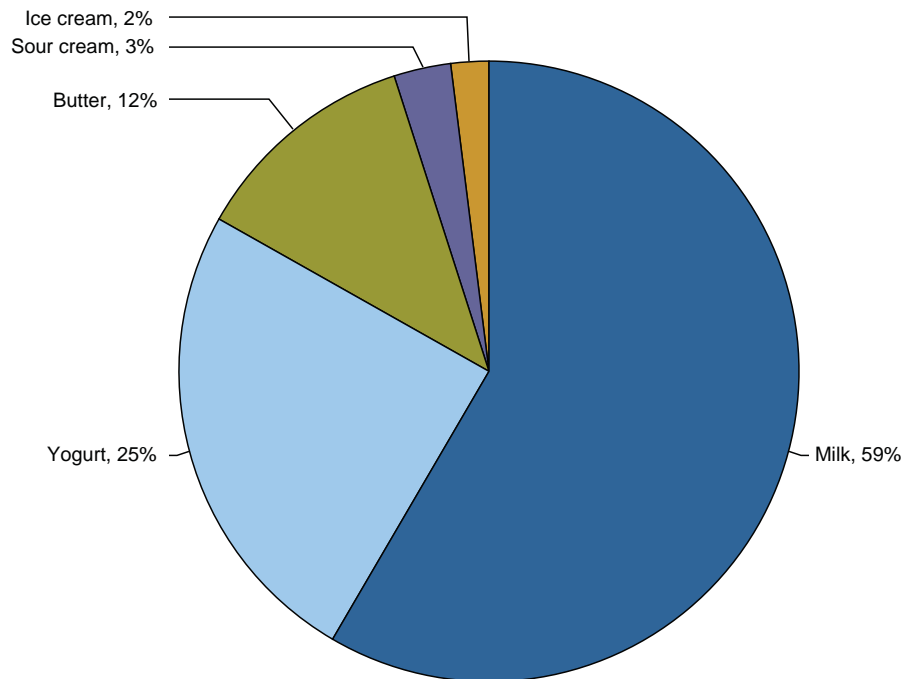
1 -- Dairy Market News surveys nearly 100 retailers, comprising over 14,000 individual stores, with online weekly advertised features.

2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

Top 5 Percentage of Total Conventional Ads



Top 5 Percentage of Total Organic Ads





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	4563	2.77	5066	2.53	4606	2.49
Cheese	Natural Varieties	8 oz block	6862	2.28	6161	2.39	8770	2.40
Cheese	Natural Varieties	1 # block	1215	3.80	870	3.95	853	3.76
Cheese	Natural Varieties	2 # block	1890	7.12	1201	5.88	2389	6.20
Cheese	Natural Varieties	8 oz shred	7545	2.25	10358	2.38	10651	2.23
Cheese	Natural Varieties	1 # shred	1287	3.64	230	3.10	252	3.55
Cottage cheese		16 oz	1514	2.20	3325	1.75	1953	1.71
Cream cheese		8 oz	4112	1.52	4638	1.60	8287	1.62
Flavored milk	All fat tests	half gallon	178	3.19	128	1.99	1303	2.15
Flavored milk	All fat tests	gallon	537	3.26	116	3.99	368	3.39
Ice cream		48-64oz	16098	3.02	13261	3.28	17324	2.85
Milk	All fat tests	half gallon	705	1.63	64	.88	415	1.96
Milk	All fat tests	gallon	1096	2.65	1099	2.95	1235	3.00
Sour cream		16 oz	8199	1.66	6802	1.59	10383	1.64
Yogurt	Greek	4-6 oz	9792	.99	10284	1.00	10085	.97
Yogurt	Greek	32 oz	56	3.99	459	4.05	724	3.97
Yogurt	Yogurt	4-6 oz	5436	.50	6333	.50	8448	.56
Yogurt	Yogurt	32 oz	1801	2.07	2030	2.18	2000	2.06

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-3.99	1361	2.99	1.99-3.50	2016	2.79	1.98-3.99	584	2.55
Cheese	Natural Varieties	8 oz block	1.89-3.00	3248	2.30	1.67-3.34	515	2.33	1.50-2.50	1075	2.08
Cheese	Natural Varieties	1 # block	2.99-4.99	309	3.99	2.99-3.99	361	3.33	4.99	176	4.99
Cheese	Natural Varieties	2 # block	6.99-8.99	281	8.19	6.99	58	6.99	4.99	85	4.99
Cheese	Natural Varieties	8 oz shred	1.99-3.00	2206	2.40	1.67-3.34	1834	2.09	1.50-2.50	1075	2.07
Cheese	Natural Varieties	1 # shred				2.77-3.99	724	3.12	4.50-4.99	274	4.81
Cottage cheese		16 oz	2.00-3.00	601	2.58	1.99-2.00	248	2.00	1.75-1.99	168	1.85
Cream cheese		8 oz	1.25-2.50	1420	1.62	1.29-2.09	879	1.66	1.00-1.66	830	1.41
Flavored milk	All fat tests	half gallon	2.49-3.49	178	3.19						
Flavored milk	All fat tests	gallon							2.39-3.99	409	3.04
Ice cream		48-64oz	1.97-4.99	3523	2.69	1.97-4.99	5314	3.20	1.88-4.49	2450	3.06
Milk	All fat tests	half gallon	2.99	169	2.99						
Milk	All fat tests	gallon				1.99-2.99	342	2.68	2.39-2.50	459	2.41
Sour cream		16 oz	1.39-2.00	2110	1.72	1.00-2.00	1083	1.48	0.98-2.50	1193	1.57
Yogurt	Greek	4-6 oz	0.78-1.33	3194	1.04	0.97-1.00	1780	1.00	1.00-1.50	1461	1.04
Yogurt	Greek	32 oz	3.99	56	3.99						
Yogurt	Yogurt	4-6 oz	0.40-0.70	2054	.51	0.50-0.69	1872	.51	0.40-0.55	464	.50

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	1.99-2.49	839	2.16	2.00	363	2.00	2.00	481	2.00

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-3.50	412	2.50	1.99	90	1.99	2.39-2.49	100	2.44
Cheese	Natural Varieties	8 oz block	2.00-2.99	533	2.44	1.79-3.00	1209	2.28	2.29-2.50	282	2.44
Cheese	Natural Varieties	1 # block	3.99	202	3.99	2.99	167	2.99			
Cheese	Natural Varieties	2 # block	6.99	352	6.99	5.99-9.99	816	7.46	5.99	298	5.99
Cheese	Natural Varieties	8 oz shred	1.67-2.99	889	2.18	1.79-3.00	1209	2.32	1.79-3.99	332	2.55
Cheese	Natural Varieties	1 # shred	3.49-3.99	289	3.84						
Cottage cheese		16 oz	2.00	202	2.00	1.89-1.99	295	1.95			
Cream cheese		8 oz	1.00-1.50	409	1.38	1.00-1.49	494	1.28	1.50	80	1.50
Flavored milk	All fat tests	gallon				3.99	128	3.99			
Ice cream		48-64oz	1.99-4.44	1571	3.49	2.47-3.50	2492	2.91	1.99-3.00	748	2.59
Milk	All fat tests	half gallon	1.25	122	1.25	1.00	116	1.00	1.25	298	1.25
Milk	All fat tests	gallon				2.99	295	2.99			
Sour cream		16 oz	1.00-2.19	1362	1.61	1.00-1.99	1943	1.77	1.00-1.99	508	1.69
Yogurt	Greek	4-6 oz	0.70-1.00	787	.89	0.69-1.00	1692	.91	1.00	878	1.00
Yogurt	Yogurt	4-6 oz	0.50	238	.50	0.34-0.60	808	.48			
Yogurt	Yogurt	32 oz							2.00	118	2.00

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	754	3.99	167	4.99		
Cottage cheese		16 oz			165	3.99		
Cream cheese		8 oz					32	3.00
Ice cream		48-64oz	143	5.99	143	5.99	169	5.99
Milk	All fat tests	half gallon	3228	3.43	2420	3.56	379	3.71
Milk	All fat tests	gallon	98	4.99	945	6.02		
Milk	All fat tests	8 oz UHT	483	.95	1487	1.00	516	1.00
Sour cream		16 oz	165	2.99				
Yogurt	Greek	4-6 oz	1279	.81	317	1.00	761	1.18
Yogurt	Yogurt	4-6 oz	360	.81	202	1.00	292	.63
Yogurt	Yogurt	32 oz			176	3.00	80	2.00

Wtd Avg - Simple weighted average



REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #							3.99	89	3.99
Milk	All fat tests	half gallon	2.98-4.00	730	3.51	2.99-3.79	616	3.40	2.99-4.29	446	3.24
Milk	All fat tests	gallon							4.99	98	4.99
Milk	All fat tests	8 oz UHT							0.95	89	.95
Sour cream		16 oz							2.99	165	2.99
Yogurt	Greek	4-6 oz				0.75-1.25	1279	.81			
Yogurt	Yogurt	4-6 oz	0.60	169	.60						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.99	376	3.99	3.99	209	3.99	3.99	80	3.99
Ice cream		48-64oz				5.99	143	5.99			
Milk	All fat tests	half gallon	2.59-3.29	525	2.98	3.99	533	3.99	2.99-3.59	378	3.37
Milk	All fat tests	8 oz UHT	0.95	185	.95	0.95	209	.95			
Yogurt	Yogurt	4-6 oz	1.00	191	1.00						

Notice: Effective with Report 12, 2013, the tables breaking out information by national and store brands are no longer available.

REGIONAL DEFINITIONS

As used in this report, regions include the following states:

NORTHEAST U.S.	Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New jersey, New York, Pennsylvania, Rhode Island and Vermont
SOUTHEAST U.S.	Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
MIDWEST U.S.	Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
SOUTH CENTRAL U.S.	Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
SOUTHWEST U.S.	Arizona, California, Nevada and Utah
NORTHWEST U.S.	Idaho, Montana, Oregon, Washington, and Wyoming
NATIONAL	Continental United States

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